

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 TRSE-00 AGR-05 AGRE-00 COME-00 FRB-03

SIL-01 LAB-04 AID-05 CIAE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 DHA-02

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R 151554Z SEP 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 8529

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMCONSUL OPORTO

AMEMBASSY PARIS

AMCONSUL PONTA DELGADA

USMISSION NATO

DIA WASHDC

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 6329

E.O. 11652: GDS

TAGS: PINT, PO

SUBJECT: POLITICAL DEVELOPMENTS: GOVERNMENT TIGHTENS  
AGRICULTURAL CREDIT POLICY

REFS: (A) LISBON 5152 (DTG 301709Z JUL 76), (B) LISBON  
6281 (DTG 141510Z SEP 76)

SUMMARY: THE GOVERNMENT APPROVED LEGISLATION SEPT 14  
AUTHORIZING FORCIBLE COLLECTION OF AGRICULTURAL CREDIT LOANS.  
THE ACTION IS AN EFFORT TO PUT THE FINANCIAL SQUEEZE ON  
THE COMMUNIST RURAL WORKERS' UNION. IT IS ANOTHER STEP  
TO IMPLEMENT THE ECONOMIC PROGRAM OUTLINED IN THE PRIME  
MINISTER'S SEPT 9 SPEECH. END SUMMARY.

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1. GOVERNMENT SQUEEZES PCP: THE COUNCIL OF MINISTERS SEPT 14 APPROVED LEGISLATION TIGHTENING AGRICULTURAL CREDIT POLICY AND AUTHORIZING THE FORCIBLE COLLECTION OF LOANS GRANTED UNDER EMERGENCY AGRICULTURAL CREDIT PROGRAM. ADDRESSING THIS POINT IN A SEPT 14 INTERVIEW, AGRICULTURE MINISTER LOPES CARDOSO STATED:

- THE STATE WILL ASSURE COLLECTION OF AGRICULTURAL CREDIT LOANS THROUGH WITHHOLDING OF FUTURE CREDITS AND, IF NECESSARY, ATTACHMENT OF CROPS.
- THE AGRICULTURE MINISTRY WILL SEEK TO ASSURE THAT THE WORKERS, AND NOT THE PCP-DOMINATED UNIONS, CONTROL AGRICULTURAL PROPERTIES.
- RESTORATION OF ILLEGALLY EXPROPRIATED LANDS MUST BE CARRIED OUT AS A MATTER OF LAW AND TO CREATE A MORE FAVORABLE PUBLIC ATTITUDE TOWARD AGRARIAN REFORM.

2. BOMBINGS: TWO BOMBING ATTEMPTS FAILED SEPT 14; ANOTHER BOMB EXPLODED CAUSING MINOR DAMAGE:

- CUBAN RECEPTION: A BRIEFCASE CONTAINING A SMALL EXPLOSIVE WAS DISCOVERED AND REMOVED FROM A LISBON HOTEL PRIOR TO A CUBAN RECEPTION CELEBRATING THE SIGNING OF A COMMERCIAL AGREEMENT WITH PORTUGAL.
- MAIL GRENADE: A PACKAGE CONTAINING A GRENADE WAS DISCOVERED AND DISMANTLED IN A LISBON POST OFFICE.
- OPORTO BOMBING: A SMALL BOMB EXPLODED OUTSIDE THE RESIDENCE OF A COMMUNIST PARTY MEMBER IN OPORTO.

3. HIGH COMMISSIONER FOR RETURNEES NAMED: ON SEPT 14, 1976 LT COL ANTONIO GONCALVES RIBEIRO WAS SWORN IN AS HIGH COMMISSIONER FOR RETURNEES. THE COMMISSION IS DIRECTLY UNDER THE PRIME MINISTER'S OFFICE AND HAS RESPONSIBILITY FOR COORDINATING GOVERNMENT PROGRAMS FOR RETURNEES. BORN IN OPORTO ON JANUARY 30, 1933, GONCALVES RIBEIRO JOINED THE ARMY IN 1951. HE WAS PROMOTED TO HIS CURRENT RANK ON OCTOBER 30, 1971. RIBEIRO SERVED UNDER HIGH COMMISSIONER LEONEL CARDOSO AS SECRETARY GENERAL IN THE LAST PORTUGUESE GOVERNMENT IN ANGOLA. HE WAS IN CHARGE OF THE 1975 AIRLIFT OF PORTUGUESE RETURNEES FROM LUANDA TO LISBON FOR WHICH HE WON HIGH PRAISE. SINCE HIS RETURN FROM ANGOLA IN NOV 1975, HE HAS BEEN

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TEACHING AT THE INSTITUTE OF HIGHER MILITARY STUDIES.

4. COMMENT: THE GOVERNMENT'S ACTION TO TIGHTEN AGRICULTURAL CREDIT POLICY IS DESIGNED TO PUT THE FINANCIAL SQUEEZE ON THE PCP-CONTROLLED RURAL WORKERS UNIONS. THE SOCIALISTS ARE DETERMINED TO END WHAT WERE IN EFFECT DISGUISED SUBSIDIES TO THE COMMUNIST UNIONS IN THE ALENTEJO THROUGH THE AGRARIAN REFORM AND CREDIT

PROGRAMS (REF A). SOARES HAS CALLED RURAL WORKERS  
UNIONS FROM THE ALENTEJO AND SETUBAL TO A SEPT 15  
MEETING TO SPELL OUT HIS PROGRAM FOR RETURN OF ILLEGALLY  
OCCUPIED LANDS. THROUGH THE LABOR MEASURES REPORTED  
REF B AND YESTERDAY'S AGRICULTURAL CREDIT DECISIONS,  
THE GOVERNMENT HAS TAKEN IMPORTANT STEPS TO IMPLEMENT  
THE ECONOMIC PROGRAM OUTLINED IN THE PRIME MINISTER'S  
SEPT 9 SPEECH.  
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## Message Attributes

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